

ADDENDUM DATED 1 DECEMBER 2023

If you are in any doubt about any of the contents of this addendum, you should obtain independent professional advice.

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Addendum to the Base Listing Document dated 23 March 2023 relating to Non-collateralised Structured Products to be issued by



UBS AG

(incorporated with limited liability in Switzerland)

acting through its London Branch

Sponsor

UBS SECURITIES ASIA LIMITED

This addendum, for which we accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of giving further information with regard to us. You must read this addendum in conjunction with our base listing document dated 23 March 2023 (our “**Base Listing Document**”).

We, having made all reasonable enquiries, confirm that to the best of our knowledge and belief the information contained in this addendum is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this addendum misleading.

The Structured Products involve derivatives. Investors should not invest in the Structured Products unless they fully understand and are willing to assume the risks associated with them.

Investors are warned that the price of the Structured Products may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Structured Products and carefully study the risk factors set out in our Base Listing Document and the relevant launch announcement and supplemental listing document and, where necessary, seek professional advice, before they invest in the Structured Products.

The Structured Products are complex products. You should exercise caution in relation to them. The Structured Products constitute our general unsecured contractual obligations and of no other person and will rank equally among themselves and with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the Structured Products, you are relying upon our creditworthiness, and have no rights under the Structured Products against (a) the company which has issued the underlying securities; (b) the fund which has issued the underlying securities, or its trustee (if applicable) or manager; or (c) the index compiler of any underlying index. If we become insolvent or default on our obligations under the Structured Products, you may not be able to recover all or even part of the amount due under the Structured Products (if any).

IMPORTANT INFORMATION

What is this addendum about?

This addendum contains supplemental general information on us, our unaudited third quarter 2023 financial information for the quarter period ended 30 September 2023 and the risk management and control applicable to UBS Group AG (our holding company), UBS AG and our subsidiaries (together, “UBS Group”) extracted from UBS Group AG’s third quarter 2023 financial report. This addendum is a supplement to our Base Listing Document.

What documents should you read before investing in the Structured Products?

You must read this addendum together with our Base Listing Document (including any other addendum to our Base Listing Document to be issued by us from time to time) and the relevant launch announcement and supplemental listing document (including any addendum to such launch announcement and supplemental listing document to be issued by us from time to time) (together, the “Listing Documents”) before investing in any Structured Product.

Where can you read the relevant documents?

Copies of this addendum, our Base Listing Document, the relevant launch announcement and supplemental listing document (which include our latest audited consolidated financial statements and any interim or quarterly financial statements) and the consent letter of our auditors are available on the website of the HKEX at www.hkexnews.hk and our website at <http://warrants.ubs.com/en>.

本增編、我們的基礎上市文件、相關發行公佈及補充上市文件(其中包括我們的最近期經審核合併財務報表及任何中期或季度財務報表)及我們核數師的同意書，可於香港交易所披露易網站(www.hkexnews.hk) 以及我們的網站 <http://warrants.ubs.com/ch> 瀏覽。

Are we subject to any litigation?

Save as disclosed in the Listing Documents, we and our subsidiaries are not aware of any litigation or claims of material importance pending or threatened against us or them.

Has our financial position changed since last financial year-end?

There has been no material adverse change in our financial or trading position since 31 December 2022.

What are our credit ratings?

Our long term debt ratings are:

<i>Rating agency</i>	<i>Rating as of the date of this addendum</i>
Moody’s Investors Service Ltd.	Aa3 (negative outlook)
S&P Global Ratings Europe Limited	A+ (stable outlook)

Rating agencies usually receive a fee from the companies that they rate. When evaluating our creditworthiness, you should not solely rely on our credit ratings because:

- a credit rating is not a recommendation to buy, sell or hold the Structured Products;
- ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence;
- a high credit rating is not necessarily indicative of low risk. Our credit ratings as of the date of this addendum are for reference only. Any downgrading of our credit ratings could result in a reduction in the value of the Structured Products;
- a credit rating is not an indication of the liquidity or volatility of the Structured Products; and
- a credit rating may be downgraded if our credit quality declines.

The Structured Products are not rated.

Our credit ratings are subject to change or withdrawal at any time within each rating agency's sole discretion. You should conduct your own research using publicly available sources to obtain the latest information with respect to our ratings from time to time.

How can you get further information about us or the Structured Products?

You may visit <http://warrants.ubs.com/en> to obtain further information about us and/or the Structured Products.

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INFORMATION IN RELATION TO US

(1) Updated “Information in relation to us”

The following pages under this section shall replace the information in the section headed “Information in relation to us” on pages 15 to 18 of our Base Listing Document in its entirety.

1. Overview

UBS AG with its subsidiaries (together, “**UBS AG consolidated**”, or “**UBS AG Group**”; and UBS Group AG (which is the holding company of the Issuer) and its subsidiaries (including the Issuer and its subsidiaries) is referred to herein as “**UBS**”, the “**UBS Group**” or the “**Group**”) provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of the Group Items and five business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, the Investment Bank and Non-core and Legacy.

2. Information about the Issuer

2.1. Corporate Information

The legal and commercial name of the Issuer is UBS AG.

The Issuer was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. The Issuer in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.

UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an Aktiengesellschaft, a corporation limited by shares. UBS AG’s Legal Entity Identifier (LEI) code is BFM8T61CT2L1QCEMIK50.

According to article 2 of the articles of association of UBS AG dated as of 4 April 2023, the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may borrow and invest money on the capital markets. UBS AG is part of the group of companies controlled by the group parent company UBS Group AG. It may promote the interests of the group parent company or other group companies. It may provide loans, guarantees and other kinds of financing and security for group companies.

The addresses and telephone numbers of UBS AG’s two registered offices and principal places of business are: Bahnhofstrasse 45, 8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, 4051 Basel, Switzerland, telephone +41 61 288 5050.

2.2. UBS’s borrowing and funding structure and financing of UBS’s activities

For information on UBS’s expected financing of its business activities, please refer to “*Liquidity and funding management*” in the “*Capital, liquidity and funding, and balance sheet*” section of the UBS Group AG and UBS AG Annual Report 2022 published on 6 March 2023 (“**Annual Report 2022**”).

3. Business Overview

3.1. Organisational Structure of UBS AG

UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS Group AG, which is the holding company of the UBS Group. UBS AG operates as a group with five business divisions and Group Items.

In 2014, UBS began adapting its legal entity structure in response to too-big-to-fail requirements and other regulatory initiatives. First, UBS Group AG was established as the ultimate parent holding company for the Group. In 2015, UBS AG transferred its personal & corporate banking and Swiss-booked wealth management businesses to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. That same year, UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG, was established and acts as the Group service company. In 2016, UBS Americas Holding LLC became the intermediate holding company for UBS's subsidiaries in the United States and UBS's wealth management subsidiaries across Europe were merged into UBS Europe SE, UBS's German-headquartered European subsidiary. In 2019, UBS Limited, UBS's United Kingdom (“UK”) headquartered subsidiary, was merged into UBS Europe SE. On 12 June 2023, Credit Suisse Group AG merged with and into UBS Group AG (*Absorptionsfusion*), with UBS Group AG becoming the holding company of Credit Suisse AG. UBS announced in August 2023 its plans to subsequently merge UBS AG with Credit Suisse AG, and UBS Switzerland AG with Credit Suisse Schweiz AG (a banking subsidiary of Credit Suisse AG in Switzerland).

UBS AG is the parent company of, and conducts a significant portion of its operations through, its subsidiaries. UBS AG has contributed a significant portion of its capital and provides substantial liquidity to subsidiaries. In addition, UBS Business Solutions AG provides substantial services to group companies including UBS AG and its subsidiaries. To this extent, UBS AG is dependent on certain of the entities of the UBS AG Group and of the UBS Group.

UBS AG's interests in subsidiaries and other entities as of 31 December 2022, including interests in significant subsidiaries, are discussed in “*Note 28 Interests in subsidiaries and other entities*” to the UBS AG's consolidated financial statements included in the Annual Report 2022.

3.2. Recent Developments

3.2.1. Regulatory, legal and other developments

Refer to “*Recent developments*” in the UBS AG third quarter 2023 report published on 7 November 2023 (“**UBS AG Third Quarter 2023 Report**”) and the UBS AG second quarter 2023 report published on 31 August 2023 (“**UBS AG Second Quarter 2023 Report**”), as well as to “*Our environment*” and “*Regulatory and legal developments*” in the Annual Report 2022, for further information on key regulatory, legal and other developments.

3.3. Trend Information

For information on trends, refer to “*Outlook*” under “*Group performance*” in the UBS AG Third Quarter 2023 Report, as well as to the “*Our environment*” section, and to “*Top and emerging risks*” in the “*Risk management and control*” section of the Annual Report 2022. In addition, please refer to the “*Recent Developments*” section of this document for more information.

4. Board of Directors

The Board of Directors (“**BoD**”) consists of between 5 and 12 members. All the members of the BoD are elected individually by the shareholders at the Annual General Meeting (“**AGM**”) for a term of office of one year, which expires after the completion of the next AGM. Shareholders also elect the Chairman upon proposal of the BoD.

The BoD meets as often as business requires, and at least six times a year.

4.1.1. Members of the Board of Directors

The current members of the BoD are listed below.

<u>Member</u>	<u>Title</u>	<u>Term of office</u>	<u>Current principal activities outside UBS AG</u>
Colm Kelleher	Chairman	2024	Chairman of the Board of Directors of UBS Group AG; member of the board of Norfolk Southern Corporation (chair of the risk and finance committee); member of the Board of Directors of the Bretton Woods Committee; member of the board of the Swiss Finance Council; member of the International Advisory Council of the China Securities Regulatory Commission; member of the European Financial Services Round Table; member of the European Banking Group; member of the International Monetary Conference; member of the Chief Executive’s Advisory Council (Hong Kong); member of the board of the Bank Policy Institute; member of the board of Americans for Oxford; Visiting Professor of Banking and Finance, Loughborough Business School.
Lukas Gähwiler	Vice Chairman	2024	Vice Chairman of the Board of Directors of UBS Group AG; vice chairman of the Board of Directors of Pilatus Aircraft Ltd; member of the Board of Directors of Ringier AG; chairman of the Board of Directors of Credit Suisse AG; member of the board and Board Committee of economiesuisse; chairman of the Employers Association of Banks in Switzerland; member of the Board of Directors of the Swiss Employers Association; member of the Board of Directors and the Board of Directors Committee of the Swiss Bankers Association; member of the board of the Swiss Finance Council; member of the Board of Trustees of Avenir Suisse.
Jeremy Anderson	Member	2024	Senior Independent Director of the Board of Directors of UBS Group AG; board member of Prudential plc; vice chairman of the Board of Directors of Credit Suisse AG; member of the board of Credit Suisse International; trustee of the UK’s Productivity Leadership Group.

Member	Title	Term of office	Current principal activities outside UBS AG
Claudia Böckstiegel	Member	2024	Member of the Board of Directors of UBS Group AG; General Counsel and member of the Enlarged Executive Committee of Roche Holding AG.
William C. Dudley	Member	2024	Member of the Board of Directors of UBS Group AG; member of the board of Treliant LLC; member of the Advisory Board of Suade Labs; senior advisor to the Griswold Center for Economic Policy Studies at Princeton University; member of the Group of Thirty; member of the Council on Foreign Relations; chairman of the Bretton Woods Committee board of directors; member of the board of the Council for Economic Education.
Patrick Firmenich	Member	2024	Member of the Board of Directors of UBS Group AG; vice chairman of the board of DSM-Firmenich (chair of the nomination committee); member of the board of Jacobs Holding AG; member of the board of INSEAD and INSEAD World Foundation; member of the Advisory Council of the Swiss Board Institute.
Fred Hu	Member	2024	Member of the Board of Directors of UBS Group AG; founder, chairman and CEO of Primavera Capital Group; non-executive chairman of the board of Yum China Holdings (chair of the nomination and governance committee); board member of Industrial and Commercial Bank of China; chairman of Primavera Capital Ltd; trustee of the China Medical Board; co-chairman of the Nature Conservancy Asia Pacific Council; member of the Board of Trustees of the Institute for Advanced Study; director and member of the Executive Committee of China Venture Capital and Private Equity Association Ltd.
Mark Hughes	Member	2024	Member of the Board of Directors of UBS Group AG; member of the Board of Directors of UBS Americas Holding LLC; member of the Board of Directors of Credit Suisse AG; chair of the Board of Directors of the Global Risk Institute; senior advisor to McKinsey & Company.
Nathalie Rachou	Member	2024	Member of the Board of Directors of UBS Group AG; member of the board of Euronext N.V. (chair of the remuneration committee); member of the board of Veolia Environnement SA (chair of the audit committee); member of the board of the African Financial Institutions Investment Platform; member of the Board of Directors of Fondation Leopold Bellan.

<u>Member</u>	<u>Title</u>	<u>Term of office</u>	<u>Current principal activities outside UBS AG</u>
Julie G. Richardson	Member	2024	Member of the Board of Directors of UBS Group AG; member of the board of Yext (chair of the audit committee); member of the board of Datalog (chair of the audit committee); member of the board of Fivetran; member of the board of Coalition, Inc; member of the board of Checkout.com.
Dieter Wemmer	Member	2024	Member of the Board of Directors of UBS Group AG; board member of Ørsted A/S (chair of the audit and risk committee); chairman of Marco Capital Holdings Limited, Malta and subsidiaries.
Jeanette Wong	Member	2024	Member of the Board of Directors of UBS Group AG; member of the board of Prudential plc; member of the board of Singapore Airlines Limited; member of the Board Risk Committee of GIC Pte Ltd; board member of Jurong Town Corporation; board member of PSA International; board member of Pavilion Capital Holdings Pte Ltd; chairman of the CareShield Life Council; member of the Securities Industry Council; member of the Board of Trustees of the National University of Singapore.

5. Litigation, Regulatory and Similar Matters

UBS operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations. Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

Specific litigation, regulatory and other matters, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects, are described in "Note 15 Provisions and contingent liabilities" to the UBS AG unaudited interim consolidated financial statements included in the UBS AG Third Quarter 2023 Report. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

5.1. Material Contracts

No material contracts have been entered into outside of the ordinary course of UBS AG's or UBS AG Group's business which could result in any member of the UBS AG Group being under an obligation or entitlement that is material to UBS AG's ability to meet its obligations to the investors in relation to the issued securities.

5.2. Significant Changes in the Financial Position and Performance; Material Adverse Change in Prospects

Except as otherwise disclosed in this document (including in the documents incorporated herein by reference), there has been no material adverse change in the prospects of UBS AG or UBS AG Group since 31 December 2022.

**THE UNAUDITED FINANCIAL INFORMATION OF
UBS AG FOR THE QUARTERLY PERIOD ENDED 30 SEPTEMBER 2023
- EXTRACTED FROM UBS AG'S THIRD QUARTER
2023 FINANCIAL REPORT**

The information set out below in this section has been extracted without adjustment from the unaudited third quarter 2023 financial report of UBS AG for the quarterly period ended 30 September 2023 released on 7 November 2023. The page numbers of the third quarter 2023 financial report appear on the bottom left or right hand side of the pages in this addendum.

The third quarter 2023 financial report is available on our website at
<https://www.ubs.com/global/en/investor-relations/financial-information/quarterly-reporting.html>.

UBS AG interim consolidated financial statements (unaudited)

Income statement

USD m	Note	For the quarter ended			Year-to-date	
		30.9.23	30.6.23	30.9.22	30.9.23	30.9.22
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	3	5,974	5,483	3,081	16,272	7,607
Interest expense from financial instruments measured at amortized cost	3	(5,357)	(4,607)	(1,794)	(13,818)	(3,706)
Net interest income from financial instruments measured at fair value through profit or loss and other	3	368	430	278	1,224	1,045
Net interest income	3	984	1,305	1,565	3,678	4,946
Other net income from financial instruments measured at fair value through profit or loss		2,467	2,337	1,792	7,476	5,637
Fee and commission income	4	5,097	5,008	4,971	15,180	16,074
Fee and commission expense	4	(431)	(419)	(476)	(1,297)	(1,410)
Net fee and commission income	4	4,666	4,589	4,495	13,883	14,664
Other income		231	237	456	624	1,591
Total revenues		8,348	8,468	8,308	25,661	26,838
Credit loss expense / (release)	7	27	16	(3)	80	22
Personnel expenses	5	3,951	3,847	3,617	11,697	11,613
General and administrative expenses	6	2,585	2,443	2,077	8,011	6,674
Depreciation, amortization and impairment of non-financial assets		510	707	458	1,686	1,358
Operating expenses		7,047	6,997	6,152	21,393	19,644
Operating profit / (loss) before tax		1,275	1,456	2,159	4,188	7,171
Tax expense / (benefit)		339	332	551	1,115	1,577
Net profit / (loss)		936	1,124	1,608	3,072	5,594
Net profit / (loss) attributable to non-controlling interests		5	4	9	17	28
Net profit / (loss) attributable to shareholders		932	1,120	1,598	3,055	5,566

Statement of comprehensive income

USD m	For the quarter ended			Year-to-date	
	30.9.23	30.6.23	30.9.22	30.9.23	30.9.22
Comprehensive income attributable to shareholders¹					
Net profit / (loss)	932	1,120	1,598	3,055	5,566
Other comprehensive income that may be reclassified to the income statement					
Foreign currency translation					
Foreign currency translation movements related to net assets of foreign operations, before tax	(646)	307	(1,097)	(114)	(2,556)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	292	(149)	467	18	1,113
Foreign currency translation differences on foreign operations reclassified to the income statement	2	(3)	24	(1)	32
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	0	(1)	(3)	(3)	(7)
Income tax relating to foreign currency translations, including the effect of net investment hedges	4	(3)	6	(1)	14
Subtotal foreign currency translation, net of tax	(348)	151	(603)	(102)	(1,405)
Financial assets measured at fair value through other comprehensive income					
Net unrealized gains / (losses), before tax	(1)	(1)	(3)	0	(445)
Net realized (gains) / losses reclassified to the income statement from equity	0	0	0	1	0
Reclassification of financial assets to Other financial assets measured at amortized cost ²					449
Income tax relating to net unrealized gains / (losses)	0	0	0	0	(3)
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	(1)	(1)	(3)	1	0
Cash flow hedges of interest rate risk					
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	(940)	(1,082)	(2,053)	(1,635)	(5,816)
Net (gains) / losses reclassified to the income statement from equity	479	413	16	1,241	(370)
Income tax relating to cash flow hedges	89	127	373	86	1,168
Subtotal cash flow hedges, net of tax	(372)	(542)	(1,664)	(308)	(5,018)
Cost of hedging					
Cost of hedging, before tax	(1)	11	17	5	114
Income tax relating to cost of hedging	0	0	(3)	0	(3)
Subtotal cost of hedging, net of tax	(1)	11	14	5	111
Total other comprehensive income that may be reclassified to the income statement, net of tax	(722)	(381)	(2,257)	(405)	(6,312)
Other comprehensive income that will not be reclassified to the income statement					
Defined benefit plans					
Gains / (losses) on defined benefit plans, before tax	6	(13)	146	26	401
Income tax relating to defined benefit plans	(17)	(37)	40	(49)	14
Subtotal defined benefit plans, net of tax	(12)	(50)	186	(23)	415
Own credit on financial liabilities designated at fair value					
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	(312)	(212)	452	(455)	1,171
Income tax relating to own credit on financial liabilities designated at fair value	27	61	(116)	71	(142)
Subtotal own credit on financial liabilities designated at fair value, net of tax	(284)	(151)	335	(384)	1,029
Total other comprehensive income that will not be reclassified to the income statement, net of tax	(296)	(201)	521	(408)	1,444
Total other comprehensive income	(1,018)	(582)	(1,735)	(812)	(4,868)
Total comprehensive income attributable to shareholders	(86)	538	(137)	2,243	698
Comprehensive income attributable to non-controlling interests					
Net profit / (loss)	5	4	9	17	28
Total other comprehensive income that will not be reclassified to the income statement, net of tax	(11)	(3)	(17)	(9)	(27)
Total comprehensive income attributable to non-controlling interests	(6)	1	(8)	8	1
Total comprehensive income					
Net profit / (loss)	936	1,124	1,608	3,072	5,594
Other comprehensive income	(1,029)	(585)	(1,753)	(822)	(4,895)
<i>of which: other comprehensive income that may be reclassified to the income statement</i>	<i>(722)</i>	<i>(381)</i>	<i>(2,257)</i>	<i>(405)</i>	<i>(6,312)</i>
<i>of which: other comprehensive income that will not be reclassified to the income statement</i>	<i>(307)</i>	<i>(204)</i>	<i>504</i>	<i>(417)</i>	<i>1,416</i>
Total comprehensive income	(93)	539	(145)	2,251	699

¹ Refer to the "UBS AG consolidated performance" section of this report for more information. ² Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. As a result, the related cumulative fair value losses of USD 449m before tax and USD 333m after tax, previously recognized in Other comprehensive income, have been removed from equity and adjusted against the value of the assets at the reclassification date.

Balance sheet

USD m	Note	30.9.23	30.6.23	31.12.22
Assets				
Cash and balances at central banks		161,720	159,425	169,445
Amounts due from banks		20,151	21,395	14,671
Receivables from securities financing transactions measured at amortized cost		61,284	61,977	67,814
Cash collateral receivables on derivative instruments	9	36,302	35,068	35,033
Loans and advances to customers	7	386,315	397,596	390,027
Other financial assets measured at amortized cost	10	52,923	52,180	53,389
Total financial assets measured at amortized cost		718,693	727,642	730,379
Financial assets at fair value held for trading	8	117,664	120,232	108,034
<i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i>		<i>39,135</i>	<i>39,568</i>	<i>36,742</i>
Derivative financial instruments	8, 9	135,016	124,046	150,109
Brokerage receivables	8	24,431	21,218	17,576
Financial assets at fair value not held for trading	8	62,638	63,714	59,408
Total financial assets measured at fair value through profit or loss		339,749	329,210	335,127
Financial assets measured at fair value through other comprehensive income	8	2,213	2,217	2,239
Investments in associates		1,131	1,109	1,101
Property, equipment and software		10,876	11,193	11,316
Goodwill and intangible assets		6,240	6,281	6,267
Deferred tax assets		9,610	9,411	9,354
Other non-financial assets	10	9,024	9,254	9,652
Total assets		1,097,536	1,096,318	1,105,436
Liabilities				
Amounts due to banks		16,242	16,290	11,596
Payables from securities financing transactions measured at amortized cost		6,249	12,320	4,202
Cash collateral payables on derivative instruments	9	32,442	31,445	36,436
Customer deposits		521,540	521,657	527,171
Funding from UBS Group AG measured at amortized cost	11	63,412	61,445	56,147
Debt issued measured at amortized cost	13	65,285	62,561	59,499
Other financial liabilities measured at amortized cost	10	11,114	11,673	10,391
Total financial liabilities measured at amortized cost		716,283	717,392	705,442
Financial liabilities at fair value held for trading	8	31,990	35,616	29,515
Derivative financial instruments	8, 9	133,377	127,367	154,906
Brokerage payables designated at fair value	8	40,982	43,357	45,085
Debt issued designated at fair value	8, 12	83,601	78,741	71,842
Other financial liabilities designated at fair value	8, 10	30,011	31,425	32,033
Total financial liabilities measured at fair value through profit or loss		319,962	316,506	333,382
Provisions	15	2,318	3,817	3,183
Other non-financial liabilities	10	5,791	5,330	6,489
Total liabilities		1,044,355	1,043,044	1,048,496
Equity				
Share capital		386	386	338
Share premium		24,595	24,594	24,648
Retained earnings		28,410	27,806	31,746
Other comprehensive income recognized directly in equity, net of tax		(556)	136	(133)
Equity attributable to shareholders		52,836	52,922	56,598
Equity attributable to non-controlling interests		345	352	342
Total equity		53,181	53,274	56,940
Total liabilities and equity		1,097,536	1,096,318	1,105,436

Statement of cash flows

	Year-to-date	
USD m	30.9.23	30.9.22
Cash flow from / (used in) operating activities		
Net profit / (loss)	3,072	5,594
Non-cash items included in net profit and other adjustments:		
Depreciation, amortization and impairment of non-financial assets	1,686	1,358
Credit loss expense / (release)	80	22
Share of net (profit) / loss of associates and joint ventures and impairment related to associates	(79)	(31)
Deferred tax expense / (benefit)	(208)	553
Net loss / (gain) from investing activities	33	(934)
Net loss / (gain) from financing activities	(423)	(22,615)
Other net adjustments	1,333	14,674
Net change in operating assets and liabilities:¹		
Amounts due from banks and amounts due to banks	(3,255)	1,808
Securities financing transactions measured at amortized cost	7,808	5,347
Cash collateral on derivative instruments	(5,375)	(5,320)
Loans and advances to customers and customer deposits	(3,067)	(17,474)
Financial assets and liabilities at fair value held for trading and derivative financial instruments	(15,217)	23,045
Brokerage receivables and payables	(10,726)	3,243
Financial assets at fair value not held for trading and other financial assets and liabilities	178	4,185
Provisions and other non-financial assets and liabilities	370	(4)
Income taxes paid, net of refunds	(1,321)	(1,230)
Net cash flow from / (used in) operating activities	(25,111)	12,219
Cash flow from / (used in) investing activities		
Purchase of subsidiaries, associates and intangible assets	(1)	0
Disposal of subsidiaries, associates and intangible assets	35	1,682
Purchase of property, equipment and software	(947)	(1,066)
Disposal of property, equipment and software	33	9
Net (purchase) / redemption of financial assets measured at fair value through other comprehensive income	25	(724)
Purchase of debt securities measured at amortized cost	(11,632)	(16,881)
Disposal and redemption of debt securities measured at amortized cost	7,227	8,653
Net cash flow from / (used in) investing activities	(5,260)	(8,329)
Cash flow from / (used in) financing activities		
Net issuance (repayment) of short-term debt measured at amortized cost	6,658	(16,249)
Distributions paid on UBS AG shares	(6,000)	(4,200)
Issuance of debt designated at fair value and long-term debt measured at amortized cost ²	84,278	68,812
Repayment of debt designated at fair value and long-term debt measured at amortized cost ²	(65,547)	(54,184)
Net cash flows from other financing activities	(369)	(460)
Net cash flow from / (used in) financing activities	19,020	(6,282)
Total cash flow		
Cash and cash equivalents at the beginning of the period	195,200	207,755
Net cash flow from / (used in) operating, investing and financing activities	(11,350)	(2,391)
Effects of exchange rate differences on cash and cash equivalents	(713)	(15,773)
Cash and cash equivalents at the end of the period³	183,136	189,592
<i>of which: cash and balances at central banks⁴</i>	<i>161,640</i>	<i>166,306</i>
<i>of which: amounts due from banks⁴</i>	<i>10,950</i>	<i>13,354</i>
<i>of which: money market paper^{4,5}</i>	<i>10,545</i>	<i>9,932</i>
Additional information		
Net cash flow from / (used in) operating activities includes:		
Interest received in cash	23,579	10,197
Interest paid in cash	18,052	5,120
Dividends on equity investments, investment funds and associates received in cash ⁶	1,812	1,556

¹ Movements in this section exclude foreign currency translation and foreign exchange effects, which are presented within the Other net adjustments line. ² Includes funding from UBS Group AG measured at amortized cost (recognized on the balance sheet in Funding from UBS Group AG) and measured at fair value (recognized on the balance sheet in Other financial liabilities designated at fair value). ³ USD 3,360m and USD 3,855m of cash and cash equivalents (mainly reflected in Amounts due from banks) were restricted as of 30 September 2023 and 30 September 2022, respectively. Refer to "Note 22 Restricted and transferred financial assets" in the "Consolidated financial statements" section of the Annual Report 2022 for more information. ⁴ Includes only balances with an original maturity of three months or less. ⁵ Money market paper is included on the balance sheet under Financial assets at fair value not held for trading (30 September 2023: USD 10,158m; 30 September 2022: USD 3,898m), Other financial assets measured at amortized cost (30 September 2023: USD 187m; 30 September 2022: USD 5,943m), and Financial assets at fair value held for trading (30 September 2023: USD 199m; 30 September 2022: USD 91m). ⁶ Includes dividends received from associates reported within Net cash flow from / (used in) investing activities.

Notes to the UBS AG interim consolidated financial statements (unaudited)

Note 1 Basis of accounting

Basis of preparation

The consolidated financial statements (the financial statements) of UBS AG and its subsidiaries (together, UBS AG) are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (the IASB), and are presented in US dollars. These interim financial statements are prepared in accordance with IAS 34, *Interim Financial Reporting*.

In preparing these interim financial statements, the same accounting policies and methods of computation have been applied as in the UBS AG consolidated annual financial statements for the period ended 31 December 2022, except for the changes described in this Note. These interim financial statements are unaudited and should be read in conjunction with UBS AG's audited consolidated financial statements in the Annual Report 2022 and the "Management report" sections of this report. In the opinion of management, all necessary adjustments have been made for a fair presentation of UBS AG's financial position, results of operations and cash flows.

Preparation of these interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities. These estimates and assumptions are based on the best available information. Actual results in the future could differ from such estimates and differences may be material to the financial statements. Revisions to estimates, based on regular reviews, are recognized in the period in which they occur. For more information about areas of estimation uncertainty that are considered to require critical judgment, refer to "Note 1a Material accounting policies" in the "Consolidated financial statements" section of the Annual Report 2022.

IFRS 17, *Insurance Contracts*

Effective from 1 January 2023, UBS AG has adopted IFRS 17, *Insurance Contracts*, which sets out the accounting requirements for contractual rights and obligations that arise from insurance contracts issued and reinsurance contracts held. The adoption has had no effect on UBS AG's financial statements. UBS AG does not provide insurance services in any market.

Other amendments to IFRS

Effective from 1 January 2023, UBS AG has adopted a number of minor amendments to IFRS, which have had no significant effect on UBS AG.

Amendments to IAS 12, *Income Taxes*

In May 2023, the IASB issued amendments to IAS 12, *Income Taxes*, whereby, under an exception, deferred tax assets (DTAs) and deferred tax liabilities (DTLs) will not be recognized in respect of top-up tax on income under the Global Anti-Base Erosion Rules that is imposed under tax law that is enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. This exception applies immediately upon the issuance of the amendments and it is, therefore, potentially relevant to these financial statements and subsequent financial statements. Although countries are starting to implement the rules, UBS AG did not have any DTAs or DTLs on 30 September 2023 that had not been recognized as a result of the application of this exception. The exception is expected to be removed by the IASB in due course, although the timing of that has not been specified. The amendments also introduced new disclosure requirements in relation to top-up tax, which will first apply to UBS AG's financial statements for the year ended 31 December 2023.

Note 1 Basis of accounting (continued)

Currency translation rates

The following table shows the rates of the main currencies used to translate the financial information of UBS AG's operations with a functional currency other than the US dollar into US dollars.

	Closing exchange rate				Average rate ¹				
	As of				For the quarter ended			Year-to-date	
	30.9.23	30.6.23	31.12.22	30.9.22	30.9.23	30.6.23	30.9.22	30.9.23	30.9.22
1 CHF	1.09	1.12	1.08	1.01	1.12	1.11	1.03	1.11	1.05
1 EUR	1.06	1.09	1.07	0.98	1.08	1.09	0.99	1.08	1.05
1 GBP	1.22	1.27	1.21	1.12	1.26	1.24	1.16	1.24	1.24
100 JPY	0.67	0.69	0.76	0.69	0.69	0.71	0.72	0.72	0.78

¹ Monthly income statement items of operations with a functional currency other than the US dollar are translated into US dollars using month-end rates. Disclosed average rates for a quarter represent an average of three month-end rates, weighted according to the income and expense volumes of all operations of UBS AG with the same functional currency for each month. Weighted average rates for individual business divisions may deviate from the weighted average rates for UBS AG.

Note 2 Segment reporting

<i>USD m</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy ¹	Group Items ¹	UBS AG
For the nine months ended 30 September 2023²							
Net interest income	4,235	2,327	(27)	(1,844)	23	(1,037)	3,678
Non-interest income	9,975	1,782	1,539	7,848	64	775	21,983
Total revenues	14,210	4,110	1,512	6,004	87	(262)	25,661
Credit loss expense / (release)	29	27	(1)	25	(1)	1	80
Operating expenses	10,872	2,118	1,243	5,480	861	819	21,393
Operating profit / (loss) before tax	3,309	1,965	270	500	(774)	(1,082)	4,188
Tax expense / (benefit)							1,115
Net profit / (loss)							3,072
As of 30 September 2023²							
Total assets	359,657	237,396	17,909	370,306	13,573	98,693	1,097,536
For the nine months ended 30 September 2022²							
Net interest income	3,775	1,559	(12)	(1)	(2)	(372)	4,946
Non-interest income	10,588	1,616	2,478	7,033	187	(9)	21,892
Total revenues	14,363	3,175	2,466	7,031	184	(382)	26,838
Credit loss expense / (release)	(3)	42	0	(20)	2	0	22
Operating expenses	10,518	1,867	1,192	5,320	84	664	19,644
Operating profit / (loss) before tax	3,847	1,266	1,274	1,731	98	(1,045)	7,171
Tax expense / (benefit)							1,577
Net profit / (loss)							5,594
As of 31 December 2022²							
Total assets	388,624	235,330	16,971	391,495	13,367	59,649	1,105,436

¹ Starting with the third quarter of 2023, Non-core and Legacy (previously reported within Group Functions) represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been revised to reflect these presentational changes. ² Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of the UBS Group third quarter 2023 report about UBS AG's reporting segments.

RISK MANAGEMENT AND CONTROL - EXTRACTED FROM UBS GROUP AG'S THIRD QUARTER 2023 FINANCIAL REPORT

The information set out below in this section has been extracted without adjustment from the third quarter 2023 financial report of UBS Group AG. The page numbers of the third quarter 2023 financial report appear on the bottom left or right hand side of the pages in this addendum.

The third quarter 2023 financial report is available on our website at
<https://www.ubs.com/global/en/investor-relations/financial-information/quarterly-reporting.html>.

Risk management and control

This section provides information about key developments during the reporting period and should be read in conjunction with the “Risk management and control” section of the Annual Report 2022 and the “Recent developments” section of this report for more information about the integration of Credit Suisse.

Credit risk

Overall banking products exposure

Overall banking products exposure decreased by USD 25bn to USD 1,107bn as of 30 September 2023, driven by a USD 21bn decrease in loans and advances to customers.

Total net credit loss expenses in the third quarter of 2023 were USD 306m, reflecting USD 137m net credit loss expenses related to performing positions and USD 168m related to credit-impaired positions.

- › Refer to the “Balance sheet and off-balance sheet” section of this report for more information about balance sheet movements
- › Refer to the “Group performance” section and “Note 8 Expected credit loss measurement” in the “Consolidated financial statements” section of this report for more information about credit loss expense / release

Loan underwriting

In the Investment Bank, mandated loan underwriting commitments on a notional basis increased by USD 0.9bn to USD 2.8bn as of 30 September 2023, driven by new deals. In Non-core and Legacy, exposure decreased by USD 2.5bn to USD 1.4bn, mainly due to de-risking via commitment reductions and syndication of remaining legacy positions. As of 30 September 2023, USD 0.1bn and USD 0.9bn of commitments had not yet been distributed as originally planned in the Investment Bank and in Non-core and Legacy, respectively.

Loan underwriting exposures are classified as held for trading, with fair values reflecting the market conditions at the end of the quarter. Credit hedges are in place to help protect against fair value movements in the portfolio.

Banking and traded products exposure in our business divisions and Group Items

	30.9.23						
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy ¹	Group Items ¹	Total
Banking products^{2,3}							
Gross exposure	386,936	427,406	1,929	93,024	30,363	167,405	1,107,062
of which: loans and advances to customers (on-balance sheet)	277,710	314,973	(1)	16,244	16,792	676	626,394
of which: guarantees and loan commitments (off-balance sheet)	20,382	56,321	57	37,914	6,491	11,792	132,956
Traded products^{4,5,6}							
Gross exposure	13,364	5,749	0		52,529		71,642
of which: over-the-counter derivatives	9,653	5,185	0		15,631		30,469
of which: securities financing transactions	370	17	0		24,469		24,856
of which: exchange-traded derivatives	3,341	549	0		12,429		16,319
Other credit lines, gross⁷	69,094	85,140	0	4,634	5	111	158,986
Total credit-impaired exposure, gross	1,550	2,288	0	357	1,270	118	5,582
of which: stage 3	914	1,848	0	348	278	1	3,387
of which: PCI	636	440	0	9	992	117	2,194
Total allowances and provisions for expected credit losses	409	1,090	1	305	221	18	2,043
of which: stage 1	167	362	1	151	94	15	790
of which: stage 2	97	241	0	73	16	0	427
of which: stage 3	101	476	0	76	71	0	723
of which: PCI	44	11	0	5	40	3	102

	30.6.23 ⁸						
USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy ¹	Group Items ¹	Total
Banking products³							
Gross exposure	404,697	440,618	1,901	91,534	36,261	156,915	1,131,927
of which: loans and advances to customers (on-balance sheet)	284,898	324,537	(1)	17,306	19,912	425	647,077
of which: guarantees and loan commitments (off-balance sheet)	23,785	57,650	212	36,555	6,698	10,069	134,969
Traded products^{4,5,6}							
Gross exposure	12,231	4,995	0		49,062		66,287
of which: over-the-counter derivatives	8,749	4,427	0		12,981		26,157
of which: securities financing transactions	361	22	0		25,416		25,799
of which: exchange-traded derivatives	3,120	546	0		10,665		14,331
Other credit lines, gross⁷	74,863	88,219	0	5,357	2	115	168,556
Total credit-impaired exposure, gross	1,334	2,088	0	326	1,798	84	5,631
of which: stage 3	785	1,629	0	324	77	1	2,817
of which: PCI	549	459	0	2	1,721	83	2,814
Total allowances and provisions for expected credit losses	363	954	1	303	123	6	1,750
of which: stage 1	211	379	1	184	67	6	848
of which: stage 2	51	145	0	48	0	0	244
of which: stage 3	87	433	0	69	48	0	637
of which: PCI	14	(3)	0	2	8	0	21

¹ Starting with the third quarter of 2023, Non-core and Legacy represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been revised to reflect these changes.
² In the third quarter of 2023, a small amount of exposure of pre-integration UBS business divisions was included in Non-core and Legacy, as it was assessed as not strategic in light of the acquisition of the Credit Suisse Group. ³ IFRS 9 gross exposure including other financial assets at amortized cost, but excluding cash, receivables from securities financing transactions, cash collateral receivables on derivative instruments, financial assets at fair value through other comprehensive income, irrevocable committed prolongation of existing loans and unconditionally revocable committed credit lines, and forward starting reverse repurchase and securities borrowing agreements. ⁴ Internal management view of credit risk, which differs in certain respects from IFRS. ⁵ As counterparty risk for traded products is managed at counterparty level, no further split between exposures in the Investment Bank, Non-core and Legacy and Group Items is provided. ⁶ Credit Suisse traded products are presented before reflection of the impact of the purchase price allocation performed under IFRS 3, Business Combinations, following the acquisition of the Credit Suisse Group by UBS. The acquisition date adjustment is less than USD 1bn and, if applied, would lead to a reduction in our reported traded products exposure. ⁷ Unconditionally revocable committed credit lines. ⁸ Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information.

Collateralization of Loans and advances to customers¹

USD m, except where indicated	Global Wealth Management	Personal & Corporate Banking		
	30.9.23	30.6.23 ²	30.9.23	30.6.23 ²
Secured by collateral	269,969	276,765	274,016	281,446
Residential real estate	75,722	75,848	217,921	223,972
Commercial / industrial real estate	8,302	8,319	41,847	43,228
Cash	35,252	36,612	4,136	4,359
Equity and debt instruments	122,711	129,285	4,759	4,883
Other collateral	27,982	26,700	5,353	5,003
Subject to guarantees	2,211	2,183	7,250	7,594
Uncollateralized and not subject to guarantees	5,531	5,950	33,708	35,497
Total loans and advances to customers, gross	277,710	284,898	314,973	324,538
Allowances	(226)	(284)	(864)	(719)
Total loans and advances to customers, net of allowances	277,485	284,613	314,109	323,819

Collateralized loans and advances to customers in % of total loans and advances to customers, gross (%) **97.2** 97.1 **87.0** 86.7
¹ Collateral arrangements generally incorporate a range of collateral, including cash, securities, real estate and other collateral. UBS applies a risk-based approach that generally prioritizes collateral according to its liquidity profile. In the case of loan facilities with funded and unfunded elements, the collateral is first allocated to the funded element. Credit Suisse applies a risk-based approach that generally prioritizes real estate collateral and prioritizes other collateral according to its liquidity profile. In the case of loan facilities with funded and unfunded elements, the collateral is proportionately allocated. ² Comparative-period information has been revised. Refer to "Note 2 Accounting for the acquisition of the Credit Suisse Group" in the "Consolidated financial statements" section of this report for more information.

Market risk

The UBS Group excluding Credit Suisse continued to maintain generally low levels of management value-at-risk (VaR). Average management VaR (1-day, 95% confidence level) increased from USD 13m to USD 17m at the end of the third quarter of 2023, mainly driven by Global Markets in the Investment Bank. There were no new VaR negative backtesting exceptions in the third quarter of 2023. The number of negative backtesting exceptions within the most recent 250-business-day window decreased from one to zero.

Credit Suisse's average management VaR (1-day, 98% confidence level) decreased from USD 32m to USD 27m at the end of the third quarter of 2023 due to continued de-risking and an improved equity risk profile. In the third quarter of 2023, Credit Suisse had one backtesting exception, driven by fair value adjustments to certain positions in the trading inventory as a result of the acquisition by UBS, reflecting purchase price allocation, which does not count against the total exceptions relevant for the capital multiplier.

The FINMA VaR multiplier derived from backtesting exceptions for market risk risk-weighted assets was unchanged compared with the prior quarter, at 3.0, for both the UBS Group excluding Credit Suisse and Credit Suisse.

Management value-at-risk (1-day, 95% confidence, 5 years of historical data) of UBS Group business divisions and Group Items excluding Credit Suisse components by general market risk type¹

USD m	Min.	Max.	Period end	Average	Average by risk type				
					Equity	Interest rates	Credit spreads	Foreign exchange	Commodities
Global Wealth Management	1	2	1	1	0	1	2	0	0
Personal & Corporate Banking	0	0	0	0	0	0	0	0	0
Asset Management	0	0	0	0	0	0	0	0	0
Investment Bank	8	23	14	16	12	10	5	2	3
Non-core and Legacy	1	2	1	1	0	1	1	0	0
Group Items	4	6	4	5	1	3	4	1	0
Diversification effect ^{2,3}			(5)	(5)	(1)	(4)	(4)	(1)	0
Total as of 30.9.23	10	25	15	17	12	11	7	2	3
Total as of 30.6.23	7	20	18	13	8	11	6	2	3

Management value-at-risk (1-day, 98% confidence, 2 years of historical data) of the Credit Suisse components of the UBS Group business divisions and Group Items by general market risk type^{1,4}

USD m	Min.	Max.	Period end	Average	Average by risk type				
					Equity	Interest rates	Credit spreads	Foreign exchange	Commodities
Global Wealth Management	6	12	6	11	1	0	11	0	0
Personal & Corporate Banking	0	0	0	0	0	0	0	0	0
Asset Management	0	0	0	0	0	0	0	0	0
Investment Bank	0	0	0	0	0	0	0	0	0
Non-core and Legacy ⁵	18	22	20	20	13	10	14	2	1
Group Items	0	3	0	2	0	2	2	0	0
Diversification effect ^{2,3}			(4)	(7)	(1)	2	(9)	0	0
Total as of 30.9.23	23	29	23	27	14	14	18	2	1
Total as of 30.6.23	28	37	29	32	14	20	21	2	2

¹ Statistics at individual levels may not be summed to deduce the corresponding aggregate figures. The minima and maxima for each level may occur on different days, and, likewise, the value-at-risk (VaR) for each business line or risk type, being driven by the extreme loss tail of the corresponding distribution of simulated profits and losses for that business line or risk type, may well be driven by different days in the historical time series, rendering invalid the simple summation of figures to arrive at the aggregate total. ² The difference between the sum of the standalone VaR for the business divisions and Group Items and the total VaR. ³ As the minima and maxima for different business divisions and Group Items occur on different days, it is not meaningful to calculate a portfolio diversification effect. ⁴ In the second quarter of 2023, Credit Suisse AG consolidated introduced an enhanced approach to measure management value-at-risk for individual risk types. The enhanced approach is applied to each risk type using a collection of risk factors included within the respective risk type only, ignoring the cross-risk effects. This change in the measurement approach for individual risk types particularly affected standalone management VaR for equity risk and foreign exchange risk, with no impact on the total management VaR. ⁵ Non-core and Legacy management VaR consists of exposures of the previously reported Capital Release Unit (Credit Suisse) and Investment Bank (Credit Suisse).

Economic value of equity and net interest income sensitivity

The economic value of equity (EVE) sensitivity in the UBS Group banking book to a parallel shift in yield curves of +1 basis point was negative USD 27.8m as of 30 September 2023, compared with negative USD 28.7m as of 30 June 2023. This excludes the sensitivity of USD 2.5m from additional tier 1 (AT1) capital instruments (as per specific FINMA requirements) in contrast to general Basel Committee on Banking Supervision (BCBS) guidance. The exposure in the banking book of the UBS Group decreased during the third quarter of 2023, due to lower demand for long-term loans and mortgages, partially offset by a longer modeled duration assigned to own equity.

The majority of our interest rate risk in the banking book is a reflection of the net asset duration that we run to offset our modeled sensitivity of net USD 23.4m (30 June 2023: USD 23m) assigned to our equity, goodwill and real estate, with the aim of generating a stable net interest income contribution. Of this, USD 17.5m and USD 4.9m are attributable to the US dollar and the Swiss franc portfolios, respectively, (30 June 2023: USD 17m and USD 5.1m, respectively).

In addition to the sensitivity mentioned above, we calculate the six interest rate shock scenarios prescribed by FINMA. The “Parallel up” scenario, assuming all positions were fair valued, was the most severe and would have resulted in a change in EVE of negative USD 5.2bn, or 5.6%, of our tier 1 capital (30 June 2023: negative USD 5.4bn, or 5.8%), which is well below the 15% threshold as per the BCBS supervisory outlier test for high levels of interest rate risk in the banking book.

The immediate effect on our tier 1 capital in the “Parallel up” scenario as of 30 September 2023 would have been a decrease of approximately USD 0.9bn, or 0.9% (30 June 2023: USD 0.6bn, or 0.7%), reflecting the fact that the vast majority of our banking book is accrual accounted or subject to hedge accounting. The “Parallel up” scenario would subsequently have a positive effect on net interest income, assuming a constant balance sheet.

- › Refer to “Interest rate risk in the banking book” in the “Risk management and control” section of the Annual Report 2022 for more information about the management of interest rate risk in the banking book
- › Refer to “Sensitivity to interest rate movements” in the “Group performance” section of this report for more information about the effects of increases in interest rates on the net interest income of our banking book

Interest rate risk – banking book

30.9.23								
USD m	Effect on EVE ¹ – FINMA						Effect on EVE ¹ – BCBS	
	CHF	EUR	GBP	USD	Other	Total	Additional tier 1 (AT1) capital instruments	Total
Scenarios								
+1 bp	(3.1)	(0.6)	0.1	(24.4)	0.2	(27.8)	2.5	(25.2)
Parallel up ²	(458.9)	(113.1)	12.6	(4,685.4)	18.5	(5,226.3)	475.6	(4,750.7)
Parallel down ²	463.5	131.4	(19.6)	4,989.0	(16.9)	5,547.5	(525.0)	5,022.4
Steepener ³	(221.0)	(31.3)	(10.1)	(959.0)	(33.6)	(1,254.9)	(55.4)	(1,310.3)
Flattener ⁴	126.5	14.1	12.1	(108.5)	34.9	79.1	161.4	240.5
Short-term up ⁵	(51.1)	(21.3)	15.4	(2,047.8)	34.6	(2,070.1)	342.8	(1,727.3)
Short-term down ⁶	45.3	23.7	(16.3)	2,172.8	(36.2)	2,189.2	(357.7)	1,831.6

30.6.23								
USD m	Effect on EVE ¹ – FINMA						Effect on EVE ¹ – BCBS	
	CHF	EUR	GBP	USD	Other	Total	Additional tier 1 (AT1) capital instruments	Total
Scenarios								
+1 bp	(4.3)	(0.9)	(0.1)	(23.5)	0.1	(28.7)	2.8	(25.9)
Parallel up ²	(639.8)	(165.0)	(32.5)	(4,549.6)	2.5	(5,384.4)	535.1	(4,849.2)
Parallel down ²	646.6	204.1	24.7	4,687.9	(1.1)	5,562.2	(574.6)	4,987.6
Steepener ³	(125.4)	(24.7)	15.8	(905.9)	(31.7)	(1,071.9)	(55.5)	(1,127.3)
Flattener ⁴	3.8	(2.2)	(22.0)	(148.9)	30.2	(139.0)	173.3	34.3
Short-term up ⁵	(213.7)	(54.4)	(30.1)	(2,006.1)	25.8	(2,278.6)	376.5	(1,902.1)
Short-term down ⁶	209.8	57.5	29.2	2,139.0	(24.8)	2,410.9	(390.4)	2,020.5

¹ Economic value of equity. ² Rates across all tenors move by ±150 bps for Swiss franc, ±200 bps for euro and US dollar, and ±250 bps for pound sterling. ³ Short-term rates decrease and long-term rates increase. ⁴ Short-term rates increase and long-term rates decrease. ⁵ Short-term rates increase more than long-term rates. ⁶ Short-term rates decrease more than long-term rates.

Country risk

We remain watchful of a range of geopolitical developments and political changes in a number of countries, as well as international tensions arising from the Russia–Ukraine war, the escalating conflict in the Middle East and US–China trade relations. Our direct exposure to Israel is less than USD 0.5bn and our direct exposure to Gulf Cooperation Council countries is less than USD 5bn. We have limited direct exposure to Egypt, Jordan and Lebanon, and we have no direct exposure to Iran, Iraq or Syria. Our direct exposure to Russia, Belarus and Ukraine is immaterial, and potential second-order impacts, such as European energy security, continue to be monitored. We have significant country risk exposure to major European economies, including France, Germany and the UK.

Inflation has abated to some extent in major Western economies, though there are still concerns regarding future developments, and central banks’ monetary policy is in the spotlight. The potential for “higher-for-longer” interest rates raises the prospect of a global recession, particularly as the growth of China’s economy has been muted. This combination of factors translates into a more uncertain and volatile environment, which increases the risk of financial market disruptions.

We continue to monitor potential trade policy disputes, as well as economic and political developments in addition to those mentioned above. In 2023, several emerging markets have faced economic, political and market pressures, particularly in light of interest rate hikes and a stronger US dollar. Our exposure to emerging market countries is less than 10% of our total country exposure, mainly in Asia.

› Refer to the “Risk management and control” section of the Annual Report 2022 for more information

Non-financial risk

UBS is actively managing the non-financial risks emerging from the acquisition of the Credit Suisse Group, including the current operation of dual corporate structures, and the scale, pace and complexity of the required integration activities. These activities continue to be managed by our program run by the Group Integration Office. We place an increased focus on maintaining and enhancing our control environment and continue to cooperate with regulators to submit and execute implementation plans to meet regulatory requirements, including regulatory remediation requirements applicable to Credit Suisse AG. In addition, the Group is closely monitoring operational risk indicators, including attrition, to detect any potential for adverse impacts on the control environment.

There is an increased risk of cyber-related operational disruption to business activities at our locations and / or those of third parties due to operating an enlarged group of entities. This is combined with the increasingly dynamic threat environment, which is intensified by current geopolitical factors and evidenced by the increased volumes and sophistication of cyberattacks against financial institutions globally.

UBS was not affected by significant cyber events in the third quarter of 2023 but, due to the high threat level observed, remains on heightened alert to respond to and mitigate new threats. Given this backdrop, we are continuing to invest in improving our technology infrastructure to enhance our information security and data protection and improve our defense, detection and response capabilities against cyberattacks, including addressing regulatory expectations and advancing overall organizational development. In addition, the Group faces multiple related regulatory deadlines to enhance operational resilience between 2023 and 2026. To that end, a global framework designed to drive enhancements in operational resilience continues to be implemented across all business divisions and jurisdictions, as well as being provided to third parties, including third-party vendors, that are of critical importance to us.

Following a post-incident review of the ION XTP ransomware attack, we are proceeding with improvements to our frameworks for managing third parties that support our important business services and continue with actions to enhance our cyber-risk assessments and controls over third-party vendors.

The increasing interest in data-driven advisory processes, and use of artificial intelligence (AI) and machine learning, is opening up new questions related to the fairness of AI algorithms, data life cycle management, data ethics, data privacy and security, and records management. We seek to enhance our frameworks to implement controls for these risks and to meet regulatory expectations. In addition, new risks continue to emerge, such as those which result from the demand from our clients for distributed ledger technology, blockchain-based assets and cryptocurrencies; although we currently have limited exposure to such risks, and relevant control frameworks for them are implemented and reviewed on a regular basis as they evolve.

Competition to find new business opportunities across the financial services sector, both for firms and for customers, is increasing, particularly during periods of market volatility and rising interest rates. Thus, suitability risk, product selection, cross-divisional service offerings, quality of advice and price transparency also remain areas of heightened focus for UBS and for the industry as a whole.

Sustainable investing, and major legislation, such as the Consumer Duty Regulation in the United Kingdom, the Swiss Financial Services Act (FIDLEG) in Switzerland, Regulation Best Interest (Reg BI) in the US and the Markets in Financial Instruments Directive II (MiFID II) in the EU, all significantly affect the industry and have required adjustments to control processes.

Cross-border risk remains an area of regulatory attention for global financial institutions, including a focus on market access, such as third-country market access into the European Economic Area, and taxation of US persons. Unintended permanent establishment remains an area of ongoing attention and the risk that tax authorities may, on the basis of new interpretations of existing law, seek to impose taxation. We maintain a series of controls designed to address these risks, and we are increasing the number of controls that are automated.

Financial crime, including money laundering, terrorist financing, sanctions violations, fraud, bribery and corruption, continues to present a major risk, as technological innovation and geopolitical developments increase the complexity of doing business and heightened regulatory attention continues. An effective financial crime prevention program therefore remains essential for UBS. Money laundering and financial fraud techniques are becoming increasingly sophisticated, and geopolitical volatility makes the sanctions landscape more complex, such as the extensive and continuously evolving sanctions arising from the Russia–Ukraine war, which also requires constant attention to prevent circumvention risks.

In the US, the Office of the Comptroller of the Currency (the OCC) issued a Cease and Desist Order against us in May 2018 relating to our US branch anti-money-laundering (AML) and know-your-client (KYC) programs. In response, we initiated an extensive program for the purpose of ensuring sustainable remediation of US-relevant Bank Secrecy Act / AML issues across all our US legal entities. We have introduced significant improvements to the framework and continue to evolve it in response to new and emerging risks.

We continue to focus on strategic enhancements to our global AML, KYC and sanctions programs.

In September 2022, the Securities and Exchange Commission (the SEC) and the Commodity Futures Trading Commission (the CFTC) issued settlement orders relating to communications recordkeeping requirements in our US broker-dealers and our registered swap dealers. In response, we continue to focus on a program to remediate identified shortcomings.

PROVISIONS AND CONTINGENT LIABILITIES - EXTRACTED FROM UBS AG'S THIRD QUARTER 2023 FINANCIAL REPORT

The information set out below in this section has been extracted without adjustment from the unaudited third quarter 2023 financial report of UBS AG for the quarterly period ended 30 September 2023 released on 7 November 2023. The page numbers of the third quarter 2023 financial report appear on the bottom left or right hand side of the pages in this addendum.

The third quarter 2023 financial report is available on our website at
<https://www.ubs.com/global/en/investor-relations/financial-information/quarterly-reporting.html>.

Note 14 Interest rate benchmark reform

During 2023, UBS AG has largely completed the transition of the remaining USD London Interbank Offered Rate (LIBOR) contracts.

UBS AG has approximately USD 3bn equivalent of yen- and US dollar-denominated funding from UBS Group AG that, per current contractual terms, if not called on their respective call dates, would reset based directly on JPY LIBOR and USD LIBOR. In October 2023, notification was made that approximately USD 1bn of these instruments would be redeemed in November 2023. In addition, several contracts providing funding from UBS Group AG reference rates indirectly derived from IBORs, if they are not called on their respective call dates. These contracts have robust IBOR fallback language and the confirmation of interest rate calculation mechanics will be communicated in advance of any rate resets.

Note 15 Provisions and contingent liabilities

a) Provisions

The table below presents an overview of total provisions.

<i>USD m</i>	30.9.23	30.6.23	31.12.22
Provisions other than provisions for expected credit losses	2,142	3,641	2,982
Provisions for expected credit losses ¹	176	175	201
Total provisions	2,318	3,817	3,183

¹ Refer to Note 7c for more information.

The table below presents additional information for provisions other than provisions for expected credit losses.

<i>USD m</i>	Litigation, regulatory and similar matters ¹	Other ²	Total
Balance as of 31 December 2022	2,586	396	2,982
Balance as of 30 June 2023	3,289	353	3,641
Increase in provisions recognized in the income statement	19	88	107
Release of provisions recognized in the income statement	(11)	(6)	(16)
Provisions used in conformity with designated purpose	(1,518)	(21)	(1,539)
Foreign currency translation and other movements ³	(45)	(7)	(51)
Balance as of 30 September 2023	1,735	407	2,142

¹ Consists of provisions for losses resulting from legal, liability and compliance risks. ² Mainly includes restructuring provisions and provisions related to real estate, employee benefits and operational risks. ³ Other movements include capitalized reinstatement costs and unwinding of discount.

Information about provisions and contingent liabilities in respect of litigation, regulatory and similar matters, as a class, is included in Note 15b. There are no material contingent liabilities associated with the other classes of provisions.

Note 15 Provisions and contingent liabilities (continued)

b) Litigation, regulatory and similar matters

UBS operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations. "UBS," "we" and "our", for purposes of this Note, refer to UBS AG and / or one or more of its subsidiaries, as applicable.

Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where UBS may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which UBS believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. UBS makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that UBS has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. Where these factors are otherwise satisfied, a provision may be established for claims that have not yet been asserted against UBS, but are nevertheless expected to be, based on UBS's experience with similar asserted claims. If any of those conditions is not met, such matters result in contingent liabilities. If the amount of an obligation cannot be reliably estimated, a liability exists that is not recognized even if an outflow of resources is probable. Accordingly, no provision is established even if the potential outflow of resources with respect to such matters could be significant. Developments relating to a matter that occur after the relevant reporting period, but prior to the issuance of financial statements, which affect management's assessment of the provision for such matter (because, for example, the developments provide evidence of conditions that existed at the end of the reporting period), are adjusting events after the reporting period under IAS 10 and must be recognized in the financial statements for the reporting period.

Specific litigation, regulatory and other matters are described below, including all such matters that management considers to be material and others that management believes to be of significance to UBS due to potential financial, reputational and other effects. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

In the case of certain matters below, we state that we have established a provision, and for the other matters, we make no such statement. When we make this statement and we expect disclosure of the amount of a provision to prejudice seriously our position with other parties in the matter because it would reveal what UBS believes to be the probable and reliably estimable outflow, we do not disclose that amount. In some cases we are subject to confidentiality obligations that preclude such disclosure. With respect to the matters for which we do not state whether we have established a provision, either: (a) we have not established a provision, in which case the matter is treated as a contingent liability under the applicable accounting standard; or (b) we have established a provision but expect disclosure of that fact to prejudice seriously our position with other parties in the matter because it would reveal the fact that UBS believes an outflow of resources to be probable and reliably estimable.

With respect to certain litigation, regulatory and similar matters for which we have established provisions, we are able to estimate the expected timing of outflows. However, the aggregate amount of the expected outflows for those matters for which we are able to estimate expected timing is immaterial relative to our current and expected levels of liquidity over the relevant time periods.

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the "Provisions" table in Note 15a above. It is not practicable to provide an aggregate estimate of liability for our litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, that have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although UBS therefore cannot provide a numerical estimate of the future losses that could arise from litigation, regulatory and similar matters, UBS believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions.

Note 15 Provisions and contingent liabilities (continued)

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations, and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

The risk of loss associated with litigation, regulatory and similar matters is a component of operational risk for purposes of determining capital requirements. Information concerning our capital requirements and the calculation of operational risk for this purpose is included in the "Capital management" section of this report.

Provisions for litigation, regulatory and similar matters by business division and in Group Items¹

<i>USD m</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Non-core and Legacy ²	Group Items ²	Total
Balance as of 31 December 2022	1,182	159	8	308	770	158	2,586
Balance as of 30 June 2023	1,196	162	8	327	1,435	160	3,289
Increase in provisions recognized in the income statement	19	0	0	0	0	0	19
Release of provisions recognized in the income statement	(2)	(9)	0	0	0	0	(11)
Provisions used in conformity with designated purpose	(26)	0	0	(56)	(1,435)	0	(1,518)
Foreign currency translation and other movements	(38)	(5)	0	(5)	4	(1)	(45)
Balance as of 30 September 2023	1,149	149	8	265	4	159	1,735

¹ Provisions, if any, for the matters described in item 3 of this Note are recorded in Global Wealth Management, and provisions, if any, for the matters described in item 2 are recorded in Non-core and Legacy. Provisions, if any, for the matters described in items 1 and 5 of this Note are allocated between Global Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in item 4 are allocated between the Investment Bank and Group Items. ² Starting with the third quarter of 2023, Non-core and Legacy represents a separate reportable segment and Group Functions has been renamed Group Items. Prior periods have been revised to reflect these changes.

1. Inquiries regarding cross-border wealth management businesses

Tax and regulatory authorities in a number of countries have made inquiries, served requests for information or examined employees located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions.

Since 2013, UBS (France) S.A., UBS AG and certain former employees have been under investigation in France in relation to UBS's cross-border business with French clients. In connection with this investigation, the investigating judges ordered UBS AG to provide bail ("*caution*") of EUR 1.1bn.

In 2019, the court of first instance returned a verdict finding UBS AG guilty of unlawful solicitation of clients on French territory and aggravated laundering of the proceeds of tax fraud, and UBS (France) S.A. guilty of aiding and abetting unlawful solicitation and of laundering the proceeds of tax fraud. The court imposed fines aggregating EUR 3.7bn on UBS AG and UBS (France) S.A. and awarded EUR 800m of civil damages to the French state. A trial in the French Court of Appeal took place in March 2021. In December 2021, the Court of Appeal found UBS AG guilty of unlawful solicitation and aggravated laundering of the proceeds of tax fraud. The court ordered a fine of EUR 3.75m, the confiscation of EUR 1bn, and awarded civil damages to the French state of EUR 800m. UBS appealed the decision to the French Supreme Court. On 27 September 2023, the Supreme Court held a hearing on UBS's appeal. At the conclusion of the hearing the court stated that it will communicate its decision on 15 November 2023. The fine and confiscation imposed by the Court of Appeal are suspended during the appeal. The civil damages award has been paid to the French state (EUR 99m of which was deducted from the bail), subject to the result of UBS's appeal.

Our balance sheet at 30 September 2023 reflected provisions with respect to this matter in an amount of EUR 1.1bn (USD 1.2bn). The wide range of possible outcomes in this case contributes to a high degree of estimation uncertainty and the provision reflects our best estimate of possible financial implications, although actual penalties and civil damages could exceed (or may be less than) the provision amount.

Note 15 Provisions and contingent liabilities (continued)

2. Claims related to sales of residential mortgage-backed securities and mortgages

From 2002 through 2007, prior to the crisis in the US residential loan market, UBS was a substantial issuer and underwriter of US residential mortgage-backed securities (RMBS) and was a purchaser and seller of US residential mortgages.

In 2018, the DOJ filed a civil complaint in the District Court for the Eastern District of New York. The complaint seeks unspecified civil monetary penalties under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 related to UBS's issuance, underwriting and sale of 40 RMBS transactions in 2006 and 2007. UBS moved to dismiss the civil complaint in 2019. Later in 2019, the district court denied UBS's motion to dismiss. In August 2023, UBS reached a settlement with the DOJ, under which UBS paid USD 1.435bn to resolve all civil claims by the DOJ.

3. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC (BMIS) investment fraud, UBS AG, UBS (Luxembourg) S.A. (now UBS Europe SE, Luxembourg branch) and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including the Swiss Financial Market Supervisory Authority (FINMA) and the Luxembourg Commission de Surveillance du Secteur Financier. Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds faced severe losses, and the Luxembourg funds are in liquidation. The documentation establishing both funds identifies UBS entities in various roles, including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members.

In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims against UBS entities, non-UBS entities and certain individuals, including current and former UBS employees, seeking amounts totaling approximately EUR 2.1bn, which includes amounts that the funds may be held liable to pay the trustee for the liquidation of BMIS (BMIS Trustee).

A large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff fraud. The majority of these cases have been filed in Luxembourg, where decisions that the claims in eight test cases were inadmissible have been affirmed by the Luxembourg Court of Appeal, and the Luxembourg Supreme Court has dismissed a further appeal in one of the test cases.

In the US, the BMIS Trustee filed claims against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2bn. In 2014, the US Supreme Court rejected the BMIS Trustee's motion for leave to appeal decisions dismissing all claims except those for the recovery of approximately USD 125m of payments alleged to be fraudulent conveyances and preference payments. In 2016, the bankruptcy court dismissed these claims against the UBS entities. In 2019, the Court of Appeals reversed the dismissal of the BMIS Trustee's remaining claims, and the US Supreme Court subsequently denied a petition seeking review of the Court of Appeals' decision. The case has been remanded to the Bankruptcy Court for further proceedings.

4. Foreign exchange, LIBOR and benchmark rates, and other trading practices

Foreign exchange-related regulatory matters: Beginning in 2013, numerous authorities commenced investigations concerning possible manipulation of foreign exchange markets and precious metals prices. As a result of these investigations, UBS entered into resolutions with Swiss, US and United Kingdom regulators and the European Commission. UBS was granted conditional immunity by the Antitrust Division of the DOJ and by authorities in other jurisdictions in connection with potential competition law violations relating to foreign exchange and precious metals businesses.

Note 15 Provisions and contingent liabilities (continued)

Foreign exchange-related civil litigation: Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. UBS has resolved US federal court class actions relating to foreign currency transactions with the defendant banks and persons who transacted in foreign exchange futures contracts and options on such futures under a settlement agreement that provides for UBS to pay an aggregate of USD 141m and provide cooperation to the settlement classes. Certain class members have excluded themselves from that settlement and have filed individual actions in US and English courts against UBS and other banks, alleging violations of US and European competition laws and unjust enrichment. UBS and the other banks have resolved those individual matters.

In 2015, a putative class action was filed in federal court against UBS and numerous other banks on behalf of persons and businesses in the US who directly purchased foreign currency from the defendants and alleged co-conspirators for their own end use. In 2022, the court denied plaintiffs' motion for class certification. In March 2023, the court granted defendants' summary judgment motion, dismissing the case. Plaintiffs have appealed.

LIBOR and other benchmark-related regulatory matters: Numerous government agencies conducted investigations regarding potential improper attempts by UBS, among others, to manipulate LIBOR and other benchmark rates at certain times. UBS reached settlements or otherwise concluded investigations relating to benchmark interest rates with the investigating authorities. UBS was granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ and the Swiss Competition Commission (WEKO), in connection with potential antitrust or competition law violations related to certain rates. However, UBS has not reached a final settlement with WEKO, as the Secretariat of WEKO has asserted that UBS does not qualify for full immunity.

LIBOR and other benchmark-related civil litigation: A number of putative class actions and other actions are pending in the federal courts in New York against UBS and numerous other banks on behalf of parties who transacted in certain interest rate benchmark-based derivatives. Also pending in the US and in other jurisdictions are a number of other actions asserting losses related to various products whose interest rates were linked to LIBOR and other benchmarks, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest-bearing instruments. The complaints allege manipulation, through various means, of certain benchmark interest rates, including USD LIBOR, Euroyen TIBOR, Yen LIBOR, EURIBOR, CHF LIBOR, GBP LIBOR and seek unspecified compensatory and other damages under varying legal theories.

USD LIBOR class and individual actions in the US: In 2013 and 2015, the district court in the USD LIBOR actions dismissed, in whole or in part, certain plaintiffs' antitrust claims, federal racketeering claims, Commodity Exchange Act claims, and state common law claims, and again dismissed the antitrust claims in 2016 following an appeal. In 2021, the Second Circuit affirmed the district court's dismissal in part and reversed in part and remanded to the district court for further proceedings. The Second Circuit, among other things, held that there was personal jurisdiction over UBS and other foreign defendants. Separately, in 2018, the Second Circuit reversed in part the district court's 2015 decision dismissing certain individual plaintiffs' claims and certain of these actions are now proceeding. In 2018, the district court denied plaintiffs' motions for class certification in the USD class actions for claims pending against UBS, and plaintiffs sought permission to appeal that ruling to the Second Circuit. The Second Circuit denied the petition to appeal. In 2020, an individual action was filed in the Northern District of California against UBS and numerous other banks alleging that the defendants conspired to fix the interest rate used as the basis for loans to consumers by jointly setting the USD LIBOR rate and monopolized the market for LIBOR-based consumer loans and credit cards. In September 2022, the court granted defendants' motion to dismiss the complaint in its entirety, while allowing plaintiffs the opportunity to file an amended complaint. Plaintiffs filed an amended complaint in October 2022, and defendants have moved to dismiss the amended complaint. In October 2023, the court dismissed the amended complaint with prejudice.

Other benchmark class actions in the US:

Yen LIBOR / Euroyen TIBOR – In 2017, the court dismissed one Yen LIBOR / Euroyen TIBOR action in its entirety on standing grounds. In 2020, the appeals court reversed the dismissal and, subsequently, plaintiffs in that action filed an amended complaint focused on Yen LIBOR. In 2022, the court granted UBS's motion for reconsideration and dismissed the case against UBS. The dismissal of the case against UBS could be appealed following the disposition of the case against the remaining defendant in the district court.

Note 15 Provisions and contingent liabilities (continued)

CHF LIBOR – In 2017, the court dismissed the CHF LIBOR action on standing grounds and failure to state a claim. Plaintiffs filed an amended complaint, and the court granted a renewed motion to dismiss in 2019. Plaintiffs appealed. In 2021, the Second Circuit granted the parties' joint motion to vacate the dismissal and remand the case for further proceedings. Plaintiffs filed a third amended complaint in November 2022 and defendants moved to dismiss the amended complaint in January 2023.

EURIBOR – In 2017, the court in the EURIBOR lawsuit dismissed the case as to UBS and certain other foreign defendants for lack of personal jurisdiction. Plaintiffs have appealed.

GBP LIBOR – The court dismissed the GBP LIBOR action in 2019. Plaintiffs have appealed.

Government bonds: Putative class actions have been filed since 2015 in US federal courts against UBS and other banks on behalf of persons who participated in markets for US Treasury securities since 2007. A consolidated complaint was filed in 2017 in the US District Court for the Southern District of New York alleging that the banks colluded with respect to, and manipulated prices of, US Treasury securities sold at auction and in the secondary market and asserting claims under the antitrust laws and for unjust enrichment. Defendants' motions to dismiss the consolidated complaint were granted in 2021. Plaintiffs filed an amended complaint, which defendants moved to dismiss later in 2021. In March 2022, the court granted defendants' motion to dismiss that complaint. Plaintiffs have appealed the dismissal. Similar class actions have been filed concerning European government bonds and other government bonds.

In 2021, the European Commission issued a decision finding that UBS and six other banks breached European Union antitrust rules in 2007–2011 relating to European government bonds. The European Commission fined UBS EUR 172m. UBS is appealing the amount of the fine.

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, our balance sheet at 30 September 2023 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

5. Swiss retrocessions

The Federal Supreme Court of Switzerland ruled in 2012, in a test case against UBS, that distribution fees paid to a firm for distributing third-party and intra-group investment funds and structured products must be disclosed and surrendered to clients who have entered into a discretionary mandate agreement with the firm, absent a valid waiver. FINMA issued a supervisory note to all Swiss banks in response to the Supreme Court decision. UBS has met the FINMA requirements and has notified all potentially affected clients.

The Supreme Court decision has resulted, and continues to result, in a number of client requests for UBS to disclose and potentially surrender retrocessions. Client requests are assessed on a case-by-case basis. Considerations taken into account when assessing these cases include, among other things, the existence of a discretionary mandate and whether or not the client documentation contained a valid waiver with respect to distribution fees.

Our balance sheet at 30 September 2023 reflected a provision with respect to matters described in this item 5 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

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